

**SCOTTSDALE TOURISM DEVELOPMENT COMMISSION  
CITY OF SCOTTSDALE  
PINNACLE CONFERENCE ROOM  
7575 EAST MAIN STREET  
SCOTTSDALE, ARIZONA  
APRIL 20, 2004  
MINUTES**

**PRESENT:** Tom Morrow, Chairman  
Ned Sickle, Vice Chairman  
Jerry Gleason, Commissioner  
Sally Shaffer, Commissioner

**ABSENT:** Margaret Dunn, Commissioner

**STAFF:** Kathy O'Connor  
Kathy Montalvo  
Craig Clifford

**OTHERS PRESENT FOR ALL OR PORTIONS OF THE MEETING:**

Rachel Sacco  
Brent DeRaad  
Beverly Hart  
Betsy Lynn  
Laura McMurchie  
Arnold Roy  
Robert Harr  
Tim McGrane

**CALL TO ORDER**

Chairman Morrow called the regular meeting of the Scottsdale Tourism Development Commission to order at 8:00 a.m.

**ROLL CALL**

A formal roll call confirmed members present as stated above.

Commissioner Gleason read an article that announced Rachel Sacco, CVB President & CEO had been named 2004 Executive of the Year by the Phoenix Chapter of the International Association of Business Communicators.

### **APPROVAL OF MINUTES**

**A MOTION WAS MADE BY COMMISSIONER SHAFFER TO APPROVE THE MINUTES OF THE MARCH 16, 2004 MEETING AS PRESENTED. THE MOTION WAS SECONDED BY COMMISSIONER GLEASON AND PASSED UNANIMOUSLY.**

### **BED TAX COLLECTION & FINANCIAL REPORTS**

Ms. O'Connor reported the February bed tax receipts are up three percent over last year. The retail sales tax receipts are up substantially over last year, too. She further reported that they are going in the right direction. The TDC portion of the bed tax is keeping pace and they are a little over three percent ahead of the budget number. She explained that the Pro Forma does reflect the TDC portion of the receipts at 80 percent level which was recommended by the Commission.

### **BED-TAX DESIGNATION FUND**

Ms. O'Connor stated at the March 16, 2004, TDC meeting Craig Clifford, Chief Financial Officer, suggested the Commission consider designating a portion of the Bed Tax fund balance towards future emergencies.

Mr. Clifford stated at the last meeting he recommended the Commission consider a long-term policy to maintain a reserve so if there is another recession or there comes a point in time when the TDC could really use funds for a TDC priority, then they will have the funds.

Ms. O'Connor explained in order to plan for future unforeseen or catastrophic situations, staff is recommending the Commission designate a portion of the bed-tax fund balance towards future emergencies. For example, the Commission could designate \$500,000 of the "fund balance" only to be used in the case of unforeseen, catastrophic situations. An alternate approach would be to allocate a percentage of projected bed-tax expenditures.

Vice Chairman Sickel commented that if they were to designate a percentage versus a dollar amount, the buying power of dollars goes down overtime because of inflation. Mr. Clifford explained that if they stick with a fixed dollar amount it is easier to spot and think about from a policy standpoint.

Chairman Morrow stated the question is whether the Commission is going to vote on a dollar amount or a percentage. Commissioner Gleason stated that he preferred a dollar amount because it is easier to track. The consensus of the Commission was that they preferred a dollar amount as opposed to a percentage.

**COMMISSIONER GLEASON MOVED THE TOURISM DEVELOPMENT COMMISSION SET ASIDE \$500,000 FOR THE PURPOSE OF EMERGENCY PROJECTS IN THE FUTURE. SECOND BY COMMISSIONER SHAFFER.**

Ms. O'Connor clarified that the funds would be accessed based on the vote of the Commission. Vice Chairman Sickles requested that there be clarification that the Commission could only use those funds in the case of unforeseen, catastrophic or emergency situations. Mr. Clifford explained that this is a one-time savings type account that once the funds are used they are gone.

The Commission agreed that these funds would only be used in the future by a vote of the Commission in the case of unforeseen, catastrophic or emergency situations.

Chairman Morrow called for the vote.

**THE MOTION PASSED UNANIMOUSLY.**

**TALIESIN WEST PROJECT UPDATE**

Mr. Roy introduced the interim CEO and President of the Frank Lloyd Wright Foundation Robert Glenn Harr.

Mr. Roy passed out progress photos of Taliesin West/Wright's living quarters project. He explained the work was scheduled to be completed the end of March but due to unforeseen circumstances that completion date has been moved to the end of April. He reported they applied for a grant for the interior furnishing and they would receive notification if the grant were approved during the summer. Wrights' living quarters are to be open to the public in October 2004.

Ms. Lynn provided an update on the status of the Wright Downtown store noting it was opened on December 4th. She reported that they have fulfilled the mission from their perspective and they are working with Ms. O'Connor to see if they have fulfilled the mission from the city's perspective. She further reported they need to build reserves as they go along into the summer months. She remarked that they are working to drive visitors from their site to the downtown store. She further remarked that with the support of the City they felt they would break even at the store.

Mr. Harr stated, as the interim CEO, he was delighted to be here and excited about the relationship that has been developed with the Commission. He provided information on his background.

Ms. O'Connor stated that City is pleased with their presence in the downtown.

Mr. Roy stated that if any of the commissioners' would like a brief tour of the Wright's living quarters to call him.

### **SCOTTSDALE CONVENTION & VISITOR'S BUREAU UPDATE**

Ms. Sacco provided an update of the SCVB activities. She presented information on the Steve Forbes Golf Tournament. She extended an invitation to the commissioners' to attend the business session. She reported that PBS is coming to Scottsdale to film a series called Great Finds. Ms. McMurchie reported that this series would feature certain areas in Scottsdale.

Ms. McMurchie stated there was an article written in a trade publication on the spa industry, and it talked about why Scottsdale was able to sustain all the spas with the competition. Their theory was that the reason the spas were so successful is "due to the fact that the Scottsdale CVB rocks."

Chairman Morrow inquired if the CVB felt they have met their objectives with the Forbes program. Ms. Sacco replied that they would not know until it is all done. The big question would be regarding whether it was worth the cost.

Vice Chairman Sickel expressed his concern regarding the soon to be newly elected Council members having enough information to see the value tourism brings to the City. Ms. Sacco reported the CVB has contacted every Council candidate and sent him or her a packet on tourism that explains the benefits to the City. They have also offered to meet with them after the election. She noted that on May 3, 2004 the Scottsdale Republic will begin a series of articles that discuss the importance of tourism.

### **SCOTTSDALE CONVENTION & VISITOR'S BUREAU FY04/05 DESTINATION MARKETING PLAN PROPOSAL**

Ms. Sacco provided an overview of the proposed FY04/05 Destination Marketing Plan and budget. She presented information on the high points and status of the various programs. She reported that they have done a great job in promoting the destination. She reviewed what they are looking at next fiscal year. She discussed the shift in the Culture Quest program. She reported that TV is one of their goals. She further reported that they are redoing the creative platform. They are also looking at new ways of working with events. They are trying to fill the gap left behind when the Downtown Partnership dissolved. She explained they would continue to work with new corporate partners and community partners. She provided information on how they compare to other CVBs of similar size.

Commissioner Shaffer inquired how the new Downtown Commission was doing. Ms. Sacco reported the Enhanced Municipal Districts Commission would be meeting at their office tomorrow night and they will hear a presentation on the CVB marketing plan for the City of Scottsdale. She further reported they are in the process of putting out an RFP for a new marketing consultant. She noted that this group is very passionate about the downtown and the CVB will assist them as much as they can.

Chairman Morrow complimented Rachel and the CVB staff on all of their work.

Ms. O'Connor reported that staff has been before the Council Budget Subcommittee with the proposed FY04/05 Destination Marketing budget.

**COMMISSIONER GLEASON MOVED TO FORWARD THE CVB FY04/05 DESTINATION MARKETING PLAN AND BUDGET TO THE CITY COUNCIL WITH A RECOMMENDATION FOR APPROVAL. SECOND BY VICE CHAIRMAN SICKLE AND PASSED UNANIMOUSLY.**

**EVENT FUNDING PROGRAM REVISIONS**

Ms. O'Connor stated that she would like to begin this discussion by saying the Commission has made tremendous progress even through it has been a slow process. She reviewed what they have done up to this point. She stated that an advertising focused program represents a significant paradigm shift from the way funding has been awarded to signature and other events in the past. This new approach brings with it a number of new details and issues.

Included in the Commission packet is a draft application intended to address qualification criteria. Also included was the list of options that were developed at the last meeting. She walked the Commission through the application. She remarked that she spoke with Rachel and Brent regarding the definition of regional exposure and that verbiage has been changed to outside of Maricopa County because they are finding that an increasingly large number of event attendees who are staying in hotel rooms are from Arizona. On page 7 of the draft application requests the Marketing Plan and budget. Page 8, second paragraph states: Funding amounts are based on the percentage of the events overall paid advertising budget expenses. The Commission has discussed various options such as matching funds. It has also been discussed that not everybody defines his or her marketing budget in the same way so trying to determine a percentage would be difficult.

Chairman Morrow stated that they would have to define matching funds so that everyone understood exactly what they mean. Commissioner Gleason stated that he felt the definition should be loose enough for each event producer to determine what marketing works the best and have the latitude to spend the matching funds in whatever manner would work best just as long as the marketing plan is clearly defined. Ms. O'Connor inquired if the Commission is suggesting that the request for City funds would be limited to one of the four options. It was determined they would be limited to one, all, or a combination of the four options with matching funds. The decision regarding the options would have to be made in advance.

Ms. McMurchie referred to the section on page 8 that reads: "Public relations expenses are not included in paid advertising, but publicity generated is taken into consideration in evaluating the overall scope of the event." She asked if the TDC gave an event funds those funds could not be used to hire a PR firm to promote the event. Ms. O'Connor replied in the affirmative. Ms. McMurchie stated to Commissioner Gleason's point that

would seem to compliment the existing marketing plan. Ms. O'Connor explained that public relations were discussed at the last meeting but there was not a clear resolution. Chairman Morrow suggested they leave it as it is because it is difficult to determine the value of public relations.

Vice Chairman Sickle commented since they are going down the path to change the application process, he requested input from the event partners. Mr. McGrane, Executive Vice-President from Barrett Jackson, stated that he would concur with their thought process but had a concern regarding how the process would function.

Ms. O'Connor stated regarding Page 4, Issues and Options there are probably other definitions that need to be incorporated. She further stated that she would add the definition of matching funds.

Chairman Morrow inquired about the commissioners' attitude about new events having preference. Commissioner Gleason stated that he felt they should try to develop new events for the community and they may need assistance to get started. After the events are established, they would be less needy. Vice Chairman Sickle stated that he was not comfortable with the TDC funds making or breaking an event.

Mr. McGrane stated if you have the scenario where you have a long standing event that fills out an application with a new event doing exactly the same type of event he felt the long-standing event should be given preference. Chairman Morrow stated that at some point judgment has to come into play. Vice Chairman Sickle commented that the partnership with long-standing events is important.

Chairman Morrow stated one of the problems is that they don't have a mechanism for tracking new events. He further stated that the Rock 'n Roll Marathon could serve as a model as they go down the road.

Ms. O'Connor stated that there is a lot of judgment that goes into the competitive process because there is a finite amount of funds available.

The Commission discussed the fact that there are gray events that fall between being a new event and a signature event. It was also discussed that signature events have been defined as an event that has great significance to the community and is identified with Scottsdale. The question was raised whether signature events under the new criteria would still have to be here for 10 years. The Commission discussed that this goes back to the issue of partnership because signature events have proven themselves. It was noted that events such as the Parada del Sol and the Barrett Jackson both serve an important role in the community but the Barrett Jackson brings people in from all over the world so it is important to acknowledge their importance for different reasons.

Ms. O'Connor stated the Commission could consider setting aside 10 percent of the budget for community events. She further stated it has been discussed that the event's marketing program should dictate the level of funding.

Commissioner Gleason stated that he felt they should throw out the entire philosophy of Signature Events. Ms. O'Connor stated the Signature Event philosophy is events that define and promotes Scottsdale based on their longevity and the nature of the event. The City is recognizing their contribution to tourism and to the overall lifestyle of the residents. Since signature event criteria will no longer be used to determine a funding amount, she suggested the Commission consider redefining them rather than doing away with them. It was discussed that along with the Signature Event status the City provided their services, which is of tremendous value. It was also discussed that the Signature Event status is meaningful to events in terms of sponsorships.

Vice Chairman Sickel stated regarding the Rock 'n Roll Marathon he would like Scottsdale to be showcased more than it was this year. It was discussed that new events such as the Rock 'n Roll Marathon that have proven track records should be given extra consideration when they should look at all of the events to determine their needs.

Ms. O'Connor stated what she is hearing is that the bias is to maintain the Signature Event designation for established events that have longevity and are associated with Scottsdale. It was discussed that some of the old criteria used to determine funding i.e. attendance, 10 million viewership does not fit. They should consider either eliminating or redefining the attendance criteria as well as the viewership issue. Require a description of the marketing plan. The Commission was in favor of allocating 10 percent of the dollars spent for community events because they are very important to the community.

Ms. O'Connor called their attention to Exhibit C, Qualified Event Funding Guidelines noting they would be incorporating that into Exhibit B and will come up with a different format.

Ms. O'Connor inquired how the payment schedule should work. The Commission was to provide half up front and half upon presentation of the documentation.

Mr. McGrane stated that of course, the events would like all of the money up front but what is being proposed would work.

Mr. DeRaad stated that he felt the direction the Commission is going is terrific noting that being flexible is key. He further stated that all of the events bring something different to the table.

Chairman Morrow requested that Ms. O'Connor take everything that has been said and summarize it for the Commission to review.

### **ADMINISTRATOR'S REPORT**

Ms. O'Connor reported City Council would be appointing two new commission members at tonight's meeting. She discussed the highlights of the Smith Travel Report.

### **UPCOMING EVENTS AND COMMISSION BUSINESS**

Chairman Morrow reported the next regularly scheduled meeting would take place, Tuesday, May 18, 2004.

### **ADJOURNMENT**

The meeting concluded at 10:00 a.m.

Respectfully submitted,

"For the Record" Court Reporters.